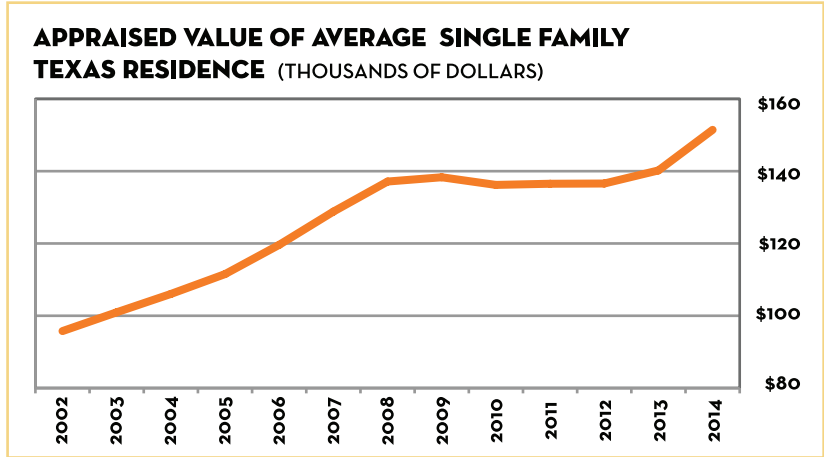




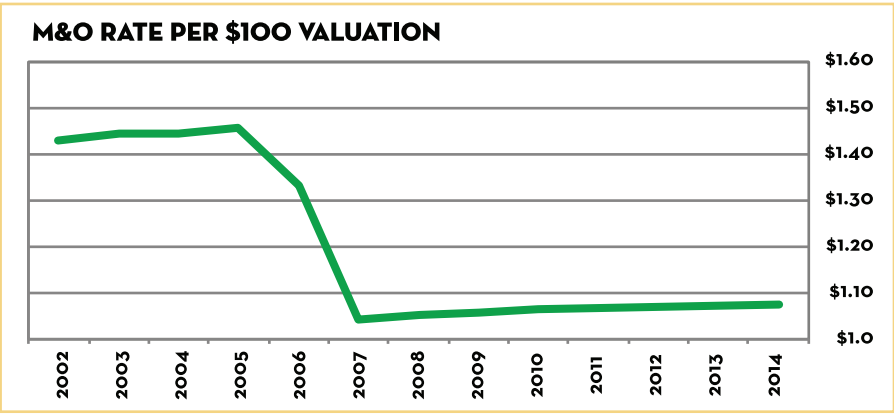
SCHOOL M&O PROPERTY TAX RATES AND COLLECTIONS

TAX YEAR	AVERAGE HOUSE VALUE	SCHOOL M&O RATE	M & O PRE-EXEMPTION LIABILITY AVG PARCEL	STATEWIDE APPRAISED TOTALS -BILLIONS-	STATEWIDE M&O TAX PAID -MILLIONS-
2002	\$95,762	\$1.431	\$1,370	\$1,015.2	\$14,448.5
2003	\$100,958	\$1.447	\$1,461	\$1,057.9	\$15,271.1
2004	\$106,029	\$1.447	\$1,534	\$1,123.6	\$16,242.7
2005	\$111,524	\$1.457	\$1,625	\$1,217.2	\$17,661.0
2006	\$119,625	\$1.333	\$1,594	\$1,370.4	\$18,034.6
2007	\$128,812	\$1.042	\$1,342	\$1,518.8	\$15,431.5
2008	\$137,135	\$1.052	\$1,443	\$1,679.5	\$17,073.6
2009	\$138,316	\$1.057	\$1,462	\$1,699.5	\$17,287.1
2010	\$136,201	\$1.064	\$1,449	\$1,671.1	\$17,144.3
2011	\$136,521	\$1.069	\$1,459	\$1,690.5	\$17,377.2
2012	\$136,586	\$1.069	\$1,461	\$1,768.4	\$18,261.8
2013	\$140,207	\$1.074	\$1,505	\$1,871.5	\$19,423.3
2014	\$151,435	\$1.075	\$1,628	\$2,037.7	\$20,973.7

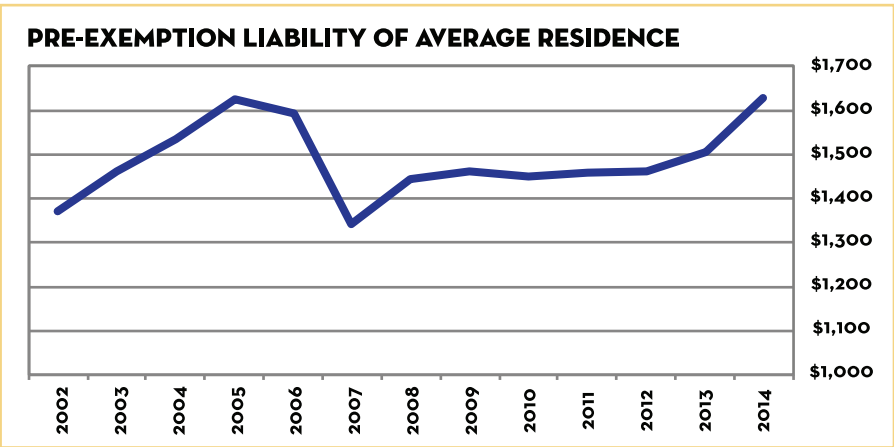
From 2002 through 2008, Texas residential property values increased rapidly. Following the recession beginning in 2008, this growth stopped before beginning anew in 2013.



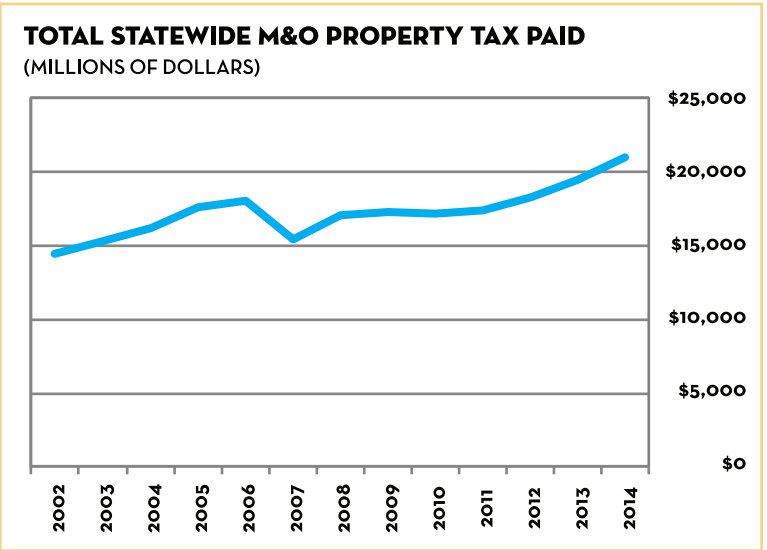
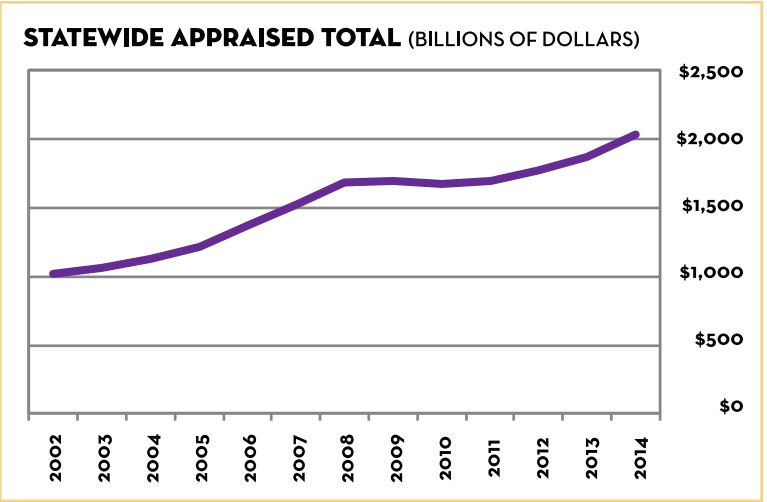
Property tax collections are determined by two factors—the appraised value of the parcel less exemptions and the tax rate which is assessed on the parcel. In 2006 the Legislature reduced school district M&O tax rates by one-third, over a two-year period. Due to increases in appraised value, however, school property tax collections have increased since the enactment of the tax rate reduction.



Schools in Texas are partly funded by local property taxes levied by school districts. The Maintenance & Operations (M&O) rate is that portion of the local school district overall property tax rate used for current functions. The increase in appraised valuation beginning in 2012 has increased M&O property tax liability on the average residential parcel to near the amount prior to property tax relief. Note that this calculation does not account for appraisal caps or exemptions. Note further that increases in school district Interest & Sinking fund (I&S) tax rates, as well as increases in tax rates imposed by other taxing jurisdictions would further increase tax liabilities.



The charts below show the growth in the appraised value of all parcels statewide, as compared to the growth in M&O tax paid by all parcels. The rate of growth in appraised value has exceeded the rate of growth in property tax paid.



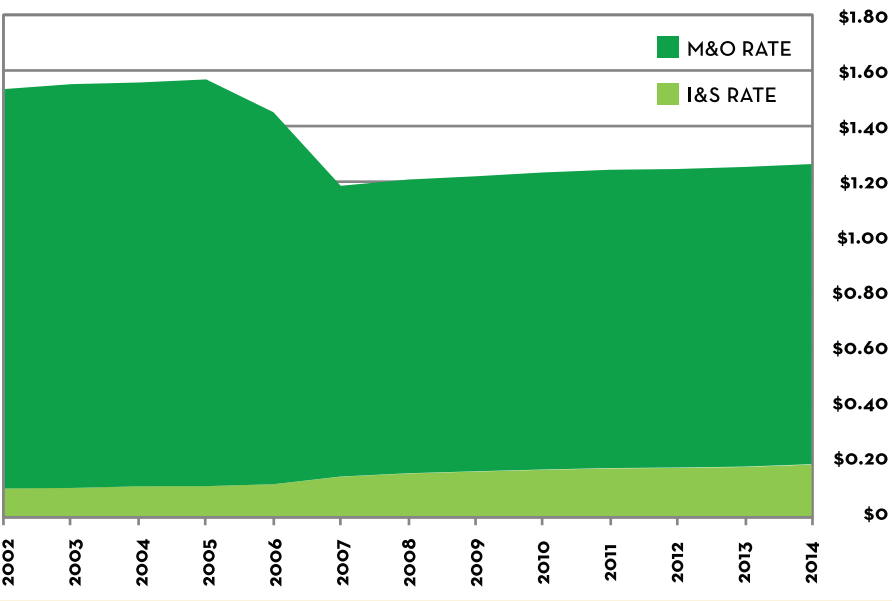


ALL SCHOOL PROPERTY TAX RATES AND COLLECTIONS

Property tax collections are determined by two factors—the appraised value of the parcel less exemptions and the tax rate which is assessed on the parcel. In 2006 the Legislature reduced school district M&O tax rates by one-third, over a two-year period. Due to increases in appraised value and increases in I&S tax rates, however, school property tax collections have increased since the enactment of the tax rate reduction.

TAX YEAR	AVERAGE VALUE	M&O RATE	I&S RATES	M&O AND I & S COMBINED	M&O PRE-EXEMPTION LIABILITY	I & S PRE-EXEMPTION LIABILITY	TOTAL PRE-EXEMPTION LIABILITY
2002	\$95,762	\$1.431	\$0.103	\$1.534	\$1,370	\$98	\$1,469
2003	\$100,958	\$1.447	\$0.105	\$1.551	\$1,461	\$106	\$1,566
2004	\$106,029	\$1.447	\$0.111	\$1.557	\$1,534	\$117	\$1,651
2005	\$111,524	\$1.457	\$0.111	\$1.568	\$1,625	\$124	\$1,749
2006	\$119,625	\$1.333	\$0.118	\$1.451	\$1,594	\$141	\$1,735
2007	\$128,812	\$1.042	\$0.145	\$1.187	\$1,342	\$187	\$1,529
2008	\$137,135	\$1.052	\$0.157	\$1.210	\$1,443	\$216	\$1,659
2009	\$138,316	\$1.057	\$0.164	\$1.221	\$1,462	\$227	\$1,689
2010	\$136,201	\$1.064	\$0.171	\$1.235	\$1,449	\$232	\$1,682
2011	\$136,521	\$1.069	\$0.176	\$1.245	\$1,459	\$240	\$1,699
2012	\$136,586	\$1.069	\$0.178	\$1.247	\$1,461	\$243	\$1,703
2013	\$140,207	\$1.074	\$0.181	\$1.255	\$1,505	\$254	\$1,759
2014	\$151,435	\$1.075	\$0.190	\$1.265	\$1,628	\$287	\$1,916

SCHOOL PROPERTY TAX RATE PER \$100 VALUATION



Schools in Texas are partly funded by local property taxes levied by school districts. The Maintenance & Operations (M&O) rate is that portion of the local school district overall property tax rate used for current functions. The increase in appraised valuation beginning in 2012 has increased M&O property tax liability on the average residential parcel to near the amount prior to property tax relief. Note that this calculation does not account for appraisal caps or exemptions.

Interest and Sinking fund (I&S) taxes are used to pay school district debt service. Pre-exemption liabilities I&S property taxes have increased both from appraisal growth as well as increases in the I&S rate. As a result, the proportion of school property taxes generated by I&S on an average priced house has increased from 7 percent in 2002 to 15 percent in 2014. (Note that there is more variation by school district in I&S rates than M&O rates.)

TOTAL AVERAGE RESIDENCE PRE-EXEMPTION LIABILITY

